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Major Economies to Focus on Food Prices, Currency Stability

By Merle David Kellerhals Jr.
Staff Writer

Washington — The major industrial and emerging-market nations are expected to focus on world food prices and currency stability during two summits in 2011, finance leaders said at preliminary meetings being held in Paris January 24–26.

Financial leaders are concerned that unstable food and commodity prices, coupled with international currency imbalances, could cause widespread hunger in poorer nations and stall economic growth globally as nations struggle to emerge from one of the deepest recessions since the 1930s.

“The global economy is now well on the road to recovery, but many difficult issues remain to be addressed to ensure strong, sustained and balanced global growth,” U.S. Assistant Treasury Secretary Charles Collyns said in remarks before the German Marshall Fund of the United States on January 20.

“This will not be easy, because there are considerable differences across countries’ economic conditions and prospects — in contrast to the situation three years ago when we all faced the perils of the crisis together,” Collyns added.

President Obama and French President Nicolas Sarkozy met January 10 at the White House to coordinate work in preparing for the Group of Eight (G8) and Group of 20 (G20) summits being held in France this year. Sarkozy is hosting the summits and serves as chairman, with responsibility for setting the agenda, which is expected to consider a broad range of economic and global security concerns.

“Too many people are still out of work. Too many businesses are still having problems getting financing,” Obama said at a meeting of the two leaders in the Oval Office. “There’s still too many imbalances in the world economy that are inhibiting the prospects of growth.”

Leaders of the G8 major industrialized nations — Britain, Canada, France, Germany, Italy, Japan, Russia and the United States — will meet May 26–27 in Deauville. The G20 nations will meet November 3–4.

Members of the G20, which formed in 1999 in the aftermath of the 1997 Asian financial crisis, include the European Union and 19 of the world’s largest national economies: Argentina, Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan,

Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the United States. G20 countries represent about 90 percent of the gross domestic product globally and nearly 80 percent of world trade, and they have two-thirds of the world’s population.

“We discussed how we can coordinate our agendas to make sure that we are as productive as possible in delivering the kinds of reforms and follow-through that will result in prosperity for peoples around the globe,” Obama said. Financial reform and regulatory coordination are among the significant issues being discussed.

“Although we are in the process of healing and recovery from the disastrous recession that we went through, we’re not yet where we want to be,” Obama said.

Sarkozy said France and the United States will work closely together.

“With Barack Obama, we are determined to propose new ideas to get things moving, both within the framework of the G8 and G20,” Sarkozy said. That includes developing common positions on currency imbalances and commodity prices, which can add stress to fragile national economies, he said.

Among the concerns the leading economies face are rising food prices, which can trip a fragile economy into a downward spiral, push up inflation in developed nations and add stress to developing countries.

Meeting in Berlin January 22, agriculture ministers from 48 nations called on the G20 “to fight the abuse and manipulation of [food] prices” in world commodity markets, according to a joint statement from the ministers.

The United Nations recently reported that world food prices reached a record in December based on higher prices for sugar, grain and oilseeds, which are among staple commodities in many nations. The U.N. Food and Agriculture Organization said January 3 that an index of 55 food commodities gained for the sixth straight month, up 25 percent from December 2009 and topping the record set in June 2008.

Rising food prices have already caused instability in a number of nations, spurring food riots, and a few nations have resorted to export limits in an attempt to keep food prices from rising further.

Sarkozy told reporters January 24 in Paris that “If we don’t do anything [about rising food prices], we run the risk of food riots in the poorest countries and a very unfavorable effect on global economic growth.”

Angel Gurría, secretary-general of the Organisation for Economic Co-operation and Development (OECD), told reporters January 25 in London that surging food and commodity prices continue to threaten economic growth. He welcomed the G20's efforts to include commodity market regulation in the upcoming summit.

Secretary Clinton Says U.S., Mexico Join to Combat Cross-Border Crime

By MacKenzie C. Babb
Staff Writer

Washington — Secretary of State Hillary Rodham Clinton and Mexican Foreign Secretary Patricia Espinosa say the United States and Mexico are taking “decisive steps” to combat cross-border organized crime.

The two leaders made remarks to the press January 24 after meeting in Guanajuato, Mexico.

“When it comes to security, we have shared interests,” Clinton said. “That is why it is important for us to work closely together to halt the stream of illegal weapons and cash coming in one direction and drugs going in the other direction.”

Espinosa emphasized the importance of U.S.-Mexico cooperation in combating transnational crime, which she called a “common enemy” that threatens the security of both nations.

“Our agenda, based on the principle of shared responsibility, includes actions of interdiction and disarticulation of criminal groups, and also the fight against arms trafficking and money laundering, social development issues, and also issues related to reducing the consumption of drugs,” Espinosa said.

This agenda is guided largely by the Merida Initiative, through which the United States, Mexico and several Central American nations united to confront the shared problem of transnational violence. The program was launched in 2008 and is designed to enhance government efforts to halt drug trafficking and cross-border organized crime.

“Through Merida, we are working to help Mexico strengthen court systems, build resilient communities, and offer constructive alternatives for young people,” Clinton said. The United States has committed to deliver \$500 million to the Mexican government in equipment and other resources in 2011, she said.

Clinton said the joint effort has produced “real results on both sides of the border.”

“On the Mexican side, thanks to improved intelligence

and targeting, nearly two dozen high-level traffickers have been captured or killed just in the past year. On the U.S. side, the FBI just arrested the largest number of Mafia members in history this month,” Clinton said.

But though significant improvements have been made, Clinton says much remains to be done.

“We still have work to do. I’m not going to deny that. But we are making progress,” she said.

Clinton said in addition to addressing security concerns, the United States and Mexico are working to boost economic ties, enhance educational exchanges and cooperate on issues of public health.

“No other country-to-country relationship has such a direct and daily bearing on our people, and I look forward to continuing our work together,” Clinton said.

To Catch Counterfeiters, Cooperate Globally, U.S. Officials Say

Washington — U.S. officials vow to pursue broader international cooperation in the fight against intellectual property (IP) theft.

Richard Halverson of the National Intellectual Property Rights Coordination Center said more and more countries are recognizing the importance of stopping IP infringements, especially counterfeiting that puts public health and safety at risk. He cited the success of Operation Pangea, an international effort coordinated by Interpol that targets the online sale of counterfeit and illegal medicines. Interpol is a 188-country police organization that has worked since 1923 to combat international crime.

In 2010, the number of nations participating in the operation and the number of websites shut down nearly doubled from the year before. Law enforcement seized almost five times the number of packages containing counterfeit or fake medicines, according to Matthew King, deputy director of the center.

Halverson and King, who spoke to reporters in Washington January 13, cited several examples of bilateral cooperation as well.

They identified China as the main source of counterfeit goods entering the U.S. market and said that Chinese authorities have worked with U.S. authorities, including joint undercover operations, to stem the flow. The two sides also plan joint training this year.

King said the cooperation has proved most successful in pursuing IP pirates from the United States or third countries who live in China. But he called that level of

cooperation “baby steps” compared to more advanced operations with other countries such as the Netherlands.

“I’m satisfied that we’re doing everything that we can, when we can, to keep going forward,” King said.

During the January visit of China’s President Hu Jintao in Washington, China committed to allocate funds for purchase of legal software to be used by government workers and to promote its use by private and state-owned companies. Beijing also agreed to “hold accountable” facilitators of IP piracy and goods counterfeiting on the Internet, according to a January 19 White House fact sheet.

Counterfeiters in China and other countries often take advantage of relaxed border controls between the United States and Mexico to ship their goods to either market or to Latin American countries. U.S. authorities work with their Mexican counterparts to identify and seize such transshipments, King said.

He said the United States wants to partner with Latin American countries to build “a good solid wall” to stop transshipments of counterfeit goods.

The officials also talked about cooperation with India, where their focus is on counterfeit drugs. They characterized their relationship with Indian authorities as “very good.” But they said they would like to involve Indian law enforcement officials as well in operations against Web portals suspected of selling or distributing counterfeit goods and pirated movies.

In June 2010, U.S. and Dutch authorities seized nine such domains and, in November of that year, an additional 82, according to a November 29 U.S. Immigration and Customs Enforcement news release.

The officials said, however, that intellectual property rights — particularly copyrights owned by film studios, recording companies and artists — are enforced mostly through civil actions and proceedings by right holders, their associations or their agents.

“We actually encourage rights holders and these folks to take actions proactively to protect themselves and see what they can do” on their own and in cooperation with Web companies, Halverson said.

In response to calls from the White House for private efforts to police illegal pharmacies, Google Inc. and Microsoft Corp. announced in December 2010 that they would help establish a nonprofit organization targeting illegal Internet pharmacies.

The National Intellectual Property Rights Coordination

Center has 67 offices in 47 countries. From these offices U.S. Immigration and Customs agents conduct investigations in close cooperation with their local counterparts. The center in Washington, for instance, includes agents from Canada, Mexico and Interpol.

Used Restaurant Oil Powers City Trucks

By Karin Rives
Staff Writer

Washington — Nobody raised an eyebrow when the city of Chula Vista decided to tap into used cooking oil to make biofuel for municipal trucks. It was business as normal in this habitually “green” town near the Mexican border.

Chula Vista, after all, is in California, a state famous for its environmental policies.

The city has contracted with a company that collects used cooking grease from area restaurants and converts it into a 20-percent-grade biodiesel fuel known as B20. The contractor delivers the fuel to a new biodiesel tank the city installed with the help of a grant from the U.S. Department of Energy.

In recent months, the federal government has supported several projects around the country that involve transforming cooking grease into biodiesel.

Two Texas companies, for example, just received a loan guarantee of \$241 million to build a plant in Louisiana that will convert animal fat, used cooking oil and other fats into fuel. The project is expected to triple the amount of renewable diesel produced in the United States.

GRANTS SUPPORT CLEAN ENERGY

Chula Vista received nearly \$2 million through a federal Energy Efficiency & Conservation Block Grant to fund the biodiesel tank and other projects. The money is also helping to pay for the installation of solar panels at nine city buildings, and for energy-efficiency upgrades of homes.

The block grant program was funded through the 2009 American Recovery and Reinvestment Act to help reduce fossil fuel emissions and create and retain jobs in the clean energy sector.

Chula Vista, population 224,000, has a climate change working group through which citizens can voice support for certain projects that will help the community reduce greenhouse gas emissions. Recycling cooking oil had been on the group’s wish list for a while, said Brendan Reed, the city’s environmental resource manager.

Because the city chose a diesel blend that's 20 percent cooking oil and 80 percent petroleum, it didn't have to make any retrofits to the 125-plus heavy trucks that would run on it.

The new diesel requirement is being extended to contractors that provide city services. The company that collects garbage, for example, has already changed over to the new fuel.

"It's a very feasible way to move toward a cleaner fleet," Reed said. "The second cool thing is that the biofuel we're using is recycled. We're taking a waste product and turning it into a resource. It's a closed-loop approach."

Before the switch to biodiesel, the city would receive new fuel once or twice a day. The new biodiesel tank is large enough to hold enough fuel for a month, allowing Chula Vista to reduce fuel transportation costs, which offsets the higher biodiesel costs.

"It's a break-even scenario for us," Reed said.

CITY LEADERS HAVE A LONG-TERM VISION

So what else is going on in Chula Vista?

Over the winter holidays, the city offered anybody with incandescent holiday lights the opportunity to exchange up to three strands of lights for energy-efficient LED holiday lights. The city library loans out "Kill a Watt" monitors that help residents measure how much electricity their washing machines, televisions, computers and other home appliances use. All new homes built in the city must be pre-wired for solar panels.

A 60-year-old gas-fired power station, meanwhile, is being decommissioned after it became clear that the city's demand for energy is less than the state had projected.

Chula Vista stands out because the city has a political will to take action, said Andrea Cook, climate change program manager for the California Center for Sustainable Energy, a nonprofit organization in nearby San Diego.

"The mayor and city council are willing to make hard decisions to move forward with energy-efficiency programs that cut energy use and reduce greenhouse gas emissions in difficult economic times," she said. "It has paid off in saving money for the city, and they have the data to prove it. They have a long-term vision and are making investments in infrastructure that will be beneficial well into the future."

That, Cook added, makes the southern California city a great model for other cities to follow.

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